

TABLE OF CONTENTS

PART I — FINANCIAL STATEMENTS

ITEM 1. FINANCIAL STATEMENTS

FIRSTMERIT CORPORATION AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

FIRSTMERIT CORPORATION AVERAGE CONSOLIDATED BALANCE SHEETS

FIRSTMERIT CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

AVERAGE CONSOLIDATED BALANCE SHEETS (UNAUDITED)

FULLY-TAX EQUIVALENT INTEREST RATES AND INTEREST DIFFERENTIAL

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Net Interest Income

Net Interest Margin

Other Income

Other Expenses

FINANCIAL CONDITION

Loans

Asset Quality

Allowance for Loan Losses

Deposits

Market Risk

Capital Resources

Market Risk

PART II. — OTHER INFORMATION

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibit Index

SIGNATURES

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

**(X) QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

**FOR THE QUARTERLY PERIOD ENDED
June 30, 2001**

COMMISSION FILE NUMBER 0-10161

**FIRSTMERIT CORPORATION
(Exact name of registrant as specified in its charter)**

OHIO	34-1339938
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

**III CASCADE PLAZA, 7TH FLOOR, AKRON, OHIO
44308-1103
(Address of principal Executive Offices)**

**(330) 996-6300
(Telephone Number)**

**OUTSTANDING SHARES OF COMMON STOCK, AS OF
August 1, 2001
85,299,346**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO

FIRSTMERIT CORPORATION

PART I — FINANCIAL STATEMENTS

ITEM 1. FINANCIAL STATEMENTS

The following statements included in the quarterly unaudited report to shareholders are incorporated by reference:

Consolidated Balance Sheets as of June 30, 2001, December 31, 2000 and June 30, 2000

Consolidated Statements of Income for the three-month and six-month periods ended June 30, 2001 and 2000

Consolidated Statements of Changes in Shareholders' Equity for the year ended December 31, 2000 and for the six months ended June 30 2001

Consolidated Statements of Cash Flows for the six months ended June 30, 2001 and 2000

Notes to Consolidated Financial Statements as of June 30, 2001, December 31, 2000, and June 30, 2000

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Conditions as of June 30, 2001, December 31, 2000 and June 30, 2000 and Results of Operations for the quarter and six months ended June 30, 2001 and 2000 and for the year ended December 31, 2000.

FIRSTMERIT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited, except December 31, 2000)	June 30	December 31	June 30
	2001	2000	2000
ASSETS			
Investment securities	\$ 1,980,302	2,002,291	2,239,825
Federal funds sold & other investments	—	8,100	55,100
Loans held for sale	30,313	135,753	48,154
Commercial loans	3,525,077	3,251,761	3,279,392
Mortgage loans	673,661	848,225	880,326
Installment loans	1,461,926	1,497,270	1,532,276
Home equity loans	464,685	453,462	433,469
Credit card loans	122,506	117,494	105,760
Manufactured housing loans	816,362	786,641	882,380
Leases	286,489	282,232	295,608
Total loans	7,350,706	7,237,085	7,409,211
Less allowance for possible loan losses	110,620	108,285	110,089
Net loans	7,240,086	7,128,800	7,299,122
Cash and due from banks	252,395	235,918	258,682
Premises and equipment, net	133,394	133,894	134,351
Intangible assets	147,388	152,107	157,284
Accrued interest receivable and other assets	414,747	418,340	289,491
	<u>\$10,198,625</u>	<u>10,215,203</u>	<u>10,482,009</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits:			
Demand-non-interest bearing	\$ 1,072,049	1,078,586	1,056,440
Demand-interest bearing	679,513	681,771	635,602
Savings and Money Market	1,933,271	1,805,505	1,806,085
Certificates and other time deposits	3,761,712	4,049,070	4,255,069
Total deposits	7,446,545	7,614,932	7,753,196
Securities sold under agreements to repurchase and other borrowings	1,710,665	1,563,404	1,724,647
Total funds	9,157,210	9,178,336	9,477,843
Accrued taxes, expenses, and other liabilities	135,165	121,978	137,370
Total liabilities	9,292,375	9,300,314	9,615,213
Shareholders' equity:			
Preferred Stock, without par value: authorized 7,000,000 shares	—	—	—
Preferred Stock, Series A, without par value: designated 800,000 shares; none outstanding	—	—	—
Cumulative convertible preferred stock, Series B, without par value: designated 220,000 shares; 86,455, 125,708 and 105,658 shares outstanding at June 30, 2001, June 30, 2000 and December 31, 2000, respectively	2,056	2,501	3,025
Common stock, without par value: authorized 300,000,000 shares; issued 91,979,362 shares	127,937	127,937	127,937
Capital surplus	111,536	113,326	114,545
Accumulated other comprehensive income	(6,557)	(13,798)	(52,152)
Retained earnings	835,031	802,905	761,942
Treasury stock, at cost, 6,727,281, 3,630,993 and 4,947,047 at June 30, 2001, June 30, 2000 and December 31, 2000, respectively	(163,753)	(117,982)	(88,501)
Total shareholders' equity	<u>906,250</u>	<u>914,889</u>	<u>866,796</u>
	<u>\$10,198,625</u>	<u>10,215,203</u>	<u>10,482,009</u>

Certain previously reported amounts may have been reclassified to conform to current presentation.

See accompanying notes to consolidated financial statements.

FIRSTMERIT CORPORATION
AVERAGE CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)	UNAUDITED					
	2nd Qtr 2001	1st Qtr 2001	4th Qtr 2000	3rd Qtr 2000	2nd Qtr 2000	Annual 2000
ASSETS						
Investment securities/fed funds sold	\$ 1,907,300	1,905,192	2,185,718	2,366,078	2,286,405	2,297,668
Loans held for sale	93,012	114,794	203,699	53,271	50,374	91,547
Commercial loans	3,479,914	3,405,933	3,246,067	3,285,203	3,275,629	3,244,140
Mortgage loans	770,590	838,962	863,253	877,575	892,438	882,977
Installment loans	1,431,821	1,405,589	1,516,316	1,517,726	1,502,518	1,502,836
Home Equity loans	459,872	454,250	450,193	440,469	426,009	432,221
Credit card loans	119,328	116,377	112,679	108,297	103,934	107,634
Manufactured housing loans	799,722	797,826	788,502	858,654	846,485	815,461
Leases	289,057	286,522	284,075	291,298	296,717	289,767
Loans less unearned income	7,350,304	7,305,459	7,261,085	7,379,222	7,343,730	7,275,036
Less allowance for possible loan losses	111,001	108,616	109,359	110,777	110,139	109,409
Net loans	7,239,303	7,196,843	7,151,726	7,268,445	7,233,591	7,165,627
Cash and due from banks	184,427	193,394	179,809	205,949	242,325	217,446
Premises and equipment, net	134,451	133,952	134,505	135,049	134,523	134,416
Accrued interest receivable and other assets	570,001	564,644	487,368	464,019	444,407	461,933
Total Assets	<u>\$10,128,494</u>	<u>10,108,819</u>	<u>10,342,825</u>	<u>10,492,811</u>	<u>10,391,625</u>	<u>10,368,637</u>
LIABILITIES						
Deposits:						
Demand-non-interest bearing	\$ 1,057,315	1,015,171	1,031,499	1,027,707	1,052,392	1,032,992
Demand-interest bearing	669,298	647,726	632,477	620,211	645,325	635,414
Savings and money market	1,911,757	1,832,240	1,810,171	1,791,848	1,808,127	1,789,464
Certificates and other time deposits	3,751,908	3,963,871	4,120,637	4,260,371	3,876,139	3,957,140
Total deposits	7,390,278	7,459,008	7,594,784	7,700,137	7,381,983	7,415,010
Securities sold under agreements to repurchase and other borrowings	1,674,005	1,583,314	1,711,155	1,774,955	2,030,837	1,951,841
Total funds	9,064,283	9,042,322	9,305,939	9,475,092	9,412,820	9,366,851
Accrued taxes, expenses and other liabilities	157,509	150,665	141,077	143,792	133,026	139,677
Total liabilities	9,221,792	9,192,987	9,447,016	9,618,884	9,545,846	9,506,528
Preferred stock	2,181	2,383	2,537	2,700	3,620	3,174
Common stock	127,937	127,937	127,937	127,937	127,937	127,937
Capital surplus	111,782	112,151	113,299	113,830	115,792	114,893
Accumulated other comprehensive income	(4,367)	(6,357)	(31,641)	(47,358)	(60,247)	(48,075)
Retained earnings	826,255	806,390	788,988	767,448	747,490	757,784
Treasury stock	(157,086)	(126,672)	(105,311)	(90,630)	(88,813)	(93,604)
Total shareholders' equity	<u>906,702</u>	<u>915,832</u>	<u>895,809</u>	<u>873,927</u>	<u>845,779</u>	<u>862,109</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$10,128,494</u>	<u>10,108,819</u>	<u>10,342,825</u>	<u>10,492,811</u>	<u>10,391,625</u>	<u>10,368,637</u>

Certain previously reported amounts may have been reclassified to conform to current presentation.

See accompanying notes to consolidated financial statements.

FIRSTMERIT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME

	(Unaudited)			
	(In thousands except per share data)			
	Quarters Ended		Six Months Ended	
	June 30,		June 30,	
	2001	2000	2001	2000
Interest income:				
Interest and fees on loans	\$156,492	160,176	314,154	312,282
Interest and dividends on securities	27,006	37,071	59,123	75,011
Total interest income	183,498	197,247	373,277	387,293
Interest expense:				
Demand-interest bearing	1,051	832	2,231	1,684
Savings	12,133	12,821	26,433	24,156
Certificates and other time deposits	54,907	56,317	115,904	104,385
Interest on securities sold under agreements to repurchase and other borrowings	20,316	31,988	43,261	65,328
Total interest expense	88,407	101,958	187,829	195,553
Net interest income	95,091	95,289	185,448	191,740
Provision for possible loan losses	9,394	8,346	21,210	20,060
Net interest income after provision for possible loan losses	85,697	86,943	164,238	171,680
Other income:				
Trust department income	5,582	6,448	10,735	11,508
Service charges on deposits	13,737	11,638	26,028	22,650
Credit card fees	9,243	8,272	17,578	15,506
ATM and other service fees	4,050	3,896	7,550	7,580
Bank owned life insurance income	3,157	923	6,243	1,774
Service fees — other	3,814	3,464	7,372	6,965
Gain from sale of partnership interest	—	—	5,639	—
Manufactured housing income	1,227	922	2,697	1,573
Securities gains (losses)	(44)	137	408	(577)
Loan sales and servicing	3,029	1,723	4,709	4,503
Other operating income	2,166	1,765	4,186	6,594
Total other income	45,961	39,188	93,145	78,076
	131,658	126,131	257,383	249,756
Other expenses:				
Salaries, wages, pension and employee benefits	33,067	30,993	64,644	63,372
Net occupancy expense	4,878	4,908	9,877	10,656
Equipment expense	4,172	4,139	8,385	8,565
Stationary, supplies and postage	2,711	3,314	5,476	6,549
Bankcard, loan processing and other costs	6,152	4,814	11,034	9,545
Professional services	2,814	2,487	5,906	4,422
Amortization of intangibles	2,331	2,688	4,720	5,376
Other operating expense	16,699	15,374	30,339	26,321
Total other expenses	72,824	68,717	140,381	134,806
Income before Federal income taxes and cumulative effect of change in accounting principles	58,834	57,414	117,002	114,950
Federal income taxes	19,150	17,438	38,125	35,275
Income after taxes but before cumulative effect of change in accounting principle	39,684	39,976	78,877	79,675
Cumulative effect of change in accounting principle, net of tax (impairment of retained interest asset)	(6,299)	—	(6,299)	—
Net income	\$ 33,385	39,976	72,578	79,675
Other comprehensive income (loss), net of taxes	(3,874)	4,002	7,241	(7,070)
Comprehensive Income	\$ 29,511	43,978	79,819	72,605
Basic net income per share:				
Income before cumulative change in accounting principle	\$ 0.46	0.45	0.91	0.90
Cumulative effect of change in accounting principle, net of tax	(0.07)	—	(0.07)	—
Basic net income	0.39	0.45	0.84	0.90
Diluted net income per share:				
Income before cumulative change in accounting principle	\$ 0.46	0.45	0.91	0.90
Cumulative effect of change in accounting principle, net of tax	(0.07)	—	(0.07)	—
Diluted net income	\$ 0.39	0.45	0.84	0.90
Dividends paid	\$ 0.23	0.22	0.46	0.42
Weighted-average shares outstanding – basic	85,513	88,341	86,100	88,327
Weighted-average shares outstanding — diluted	86,255	89,019	86,876	89,045

Certain previously reported amounts may have been reclassified to conform to current reporting practices.

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity
FIRSTMERIT CORPORATION AND SUBSIDIARIES
(In thousands except per share data)

				Accumulated Other			Total
	Preferred Stock	Common Stock	Capital Surplus	Comprehensive Income	Retained Earnings	Treasury Stock	Shareholders' Equity
Balance at Year Ended 1997	\$ 9,917	119,893	80,297	4,603	651,907	(118,940)	747,677
Net income	—	—	—	—	72,517	—	72,517
Cash dividends — common stock (\$0.66 per share)	—	—	—	—	(50,525)	—	(50,525)
Acquisition adjustment of fiscal year	—	—	—	—	(1,857)	—	(1,857)
Options exercised/debentures, preferred stock converted	(618)	400	3,717	—	(2,607)	12,111	13,003
Treasury shares purchased	—	—	—	—	—	(25,703)	(25,703)
Treasury shares reissued — acquisition	—	—	25,919	—	—	89,286	115,205
Treasury shares reissued — public offering	—	—	6,518	—	—	20,806	27,324
Stock dividends	—	1,929	(1,929)	—	—	—	—
Market adjustment investment securities	—	—	—	1,255	—	—	1,255
Other	—	165	3,323	—	(598)	4,870	7,760
Balance at Year Ended 1998	9,299	122,387	117,845	5,858	668,837	(17,570)	906,656
Net income	—	—	—	—	119,871	—	119,871
Cash dividends — common stock (\$0.76/share)	—	—	—	—	(68,627)	—	(68,627)
Cash dividends — preferred stock	—	—	—	—	(305)	—	(305)
Options exercised/debentures, preferred stock converted	(5,421)	5,596	(915)	—	—	12,549	11,809
Treasury shares purchased	—	—	—	—	—	(85,666)	(85,666)
Market adjustment investment securities	—	—	—	(50,940)	—	—	(50,940)
Other	—	(46)	—	—	35	788	777
Balance at Year Ended 1999	3,878	127,937	116,930	(45,082)	719,811	(89,899)	833,575
Net income (loss)	—	—	—	—	159,787	—	159,787
Cash dividends — common stock (\$0.86 per share)	—	—	—	—	(76,162)	—	(76,162)
Cash dividends — preferred stock	—	—	—	—	(218)	—	(218)
Options exercised/debentures, preferred stock converted	(1,377)	—	(3,604)	—	—	6,807	1,826
Treasury shares purchased	—	—	—	—	—	(34,890)	(34,890)
Market adjustment investment securities	—	—	—	31,284	—	—	31,284
Other	—	—	—	—	(313)	—	(313)
Balance at December 31, 2000	2,501	127,937	113,326	(13,798)	802,905	(117,982)	914,889
Net Income	—	—	—	—	72,578	—	72,578
Cash dividends — common stock (\$0.46 per share)	—	—	—	—	(39,910)	—	(39,910)
Cash dividends — preferred stock	—	—	—	—	(79)	—	(79)
Options exercised (91,041 shares)	—	—	(1,284)	—	—	2,326	1,042
Preferred stock converted (51,316 shares)	(445)	—	(855)	—	—	1,300	—
Debentures converted (3,409 shares)	—	—	(57)	—	—	87	30
Treasury shares purchased (1,926,000 shares)	—	—	—	—	—	(49,484)	(49,484)
Market adjustment investment securities	—	—	—	7,241	(527)	—	6,714
Other	—	—	406	—	64	—	470
Balance at June 30, 2001 — Unaudited	\$ 2,056	127,937	111,536	(6,557)	835,031	(163,753)	906,250

Certain previously reported amounts may have been reclassified to conform to current accounting practices.

See accompanying notes to consolidated financial statements.

FIRSTMERIT CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Six Months Ended June 30, 2001 and 2000

	2001	2000
	(In thousands)	
Operating Activities		
Net income	\$ 72,578	\$ 79,675
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	21,210	20,060
Provision for depreciation and amortization	7,829	8,655
Amortization of investment securities premiums, net	54	330
Amortization of income for lease financing	(9,658)	(7,070)
(Gains) losses on sales of investment securities, net	(408)	577
Deferred federal income taxes	11,027	8,376
(Increase) decrease in interest receivable	9,497	(9,352)
Increase (decrease) in interest payable	(18,675)	23,427
Proceeds from sales of loans	334,405	—
Gain on sales of loans	(542)	—
Amortization of values ascribed to acquired intangibles	2,389	5,376
Other increases (decreases)	14,113	(81,505)
NET CASH PROVIDED BY OPERATING ACTIVITIES	443,819	48,549
Investing Activities		
Dispositions of investment securities:		
Available-for-sale — sales	283,504	120,556
Available-for-sale — maturities	303,145	151,644
Purchases of investment securities available-for-sale	(553,974)	(128,587)
Net (increase) decrease in federal funds sold	8,100	(30,000)
Net increase in loans and leases, except sales	(351,261)	(404,977)
Purchases of premises and equipment	(8,846)	(13,979)
Sales of premises and equipment	1,517	3,192
NET CASH USED BY INVESTING ACTIVITIES	(317,815)	(302,151)
Financing Activities		
Net increase in demand, NOW and savings deposits	118,971	131,648
Net increase (decrease) in time deposits	(287,358)	761,401
Net increase (decrease) in securities sold under repurchase agreements and other borrowings	147,261	(556,596)
Cash dividends — common and preferred	(39,989)	(37,400)
Purchase of treasury shares	(49,484)	(3,038)
Proceeds from exercise of stock options	1,042	1,198
Proceeds from conversion of debentures	30	—
NET CASH PROVIDED BY FINANCING ACTIVITIES	(109,527)	297,213
Increase (decrease) in cash and cash equivalents	16,477	43,611
Cash and cash equivalents at beginning of year	235,918	215,071
Cash and cash equivalents at end of year	\$ 252,395	\$ 258,682
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash paid during the year for:		
Interest, net of amounts capitalized	\$ 101,995	\$ 99,206
Income taxes	\$ 20,225	\$ 40,263

See accompanying notes to consolidated financial statements.

FirstMerit Corporation and Subsidiaries

Notes to Consolidated Financial Statements
June 30, 2001, December 31, 2000 and June 30, 2000

1. Organization — FirstMerit Corporation (“Corporation”), is a bank holding company whose principal assets are the common stock of its wholly owned subsidiary, FirstMerit Bank, N. A. In addition FirstMerit Corporation owns all of the common stock of Citizens Investment Corporation, Citizens Savings Corporation of Stark County, FirstMerit Capital Trust I, FirstMerit Community Development Corporation, FirstMerit Credit Life Insurance Company, FMT, Inc. and SF Development Corp.
2. Segment Information — The Corporation provides a diversified range of banking and certain nonbanking financial services and products through its various subsidiaries. Management reports the Corporation’s results through its major segment classification — Supercommunity Banking. Included in this category are certain nonbank affiliates, eliminations of certain intercompany transactions and certain nonrecurring transactions. Also included are portions of certain assets, capital, and support functions not specifically identifiable with Supercommunity Banking. All figures within the tables in this footnote are in thousands, except averages are in millions.

2001	Super Community Banking		Parent, Subs & Eliminations		Corporate Consolidated	
<i>OPERATIONS:</i>	2Q	YTD	2Q	YTD	2Q	YTD
Net interest income	\$95,797	186,569	(706)	(1,121)	95,091	185,448
Provision for loan losses	9,394	21,210	—	—	9,394	21,210
Other income	45,499	92,347	462	798	45,961	93,145
Other expenses	72,872	140,080	(48)	(301)	72,824	140,381
Income before cumulative accounting change	40,156	79,758	(472)	(881)	39,684	78,877
Effect of accounting change	(6,299)	(6,299)	—	—	(6,299)	(6,299)
Net income	33,857	73,459	(472)	(881)	33,385	72,578
AVERAGES:						
Assets	10,102	10,087	NM	NM	10,128	10,119
Loans	7,348	7,326	NM	NM	7,350	7,328
Earnings assets	9,334	9,322	NM	NM	9,351	9,338
Deposits	7,395	7,435	NM	NM	7,390	7,425
Equity	\$ 0.802	0.790	NM	NM	0.907	0.911
RATIOS:						
ROE before accounting change	NM	NM	NM	NM	17.60%	17.50%
ROE	NM	NM	NM	NM	14.80%	16.10%
ROA before accounting change	NM	NM	NM	NM	1.57%	1.57%
ROA	NM	NM	NM	NM	1.32%	1.45%
Efficiency ratio	NM	NM	NM	NM	49.65%	48.47%
2000	Super Community Banking		Parent, Subs & Eliminations		Corporate Consolidated	
<i>OPERATIONS:</i>	2Q	YTD	2Q	YTD	2Q	YTD
Net interest income	\$96,605	193,669	(1,316)	(1,929)	95,289	191,740
Provision for loan losses	8,346	19,963	—	97	8,346	20,060
Other income	40,721	77,012	(1,533)	1,064	39,188	78,076
Other expenses	68,316	134,668	401	138	68,717	134,806
Net income	39,046	76,729	930	2,946	39,976	79,675
AVERAGES:						
Assets	10,318	10,265	NM	NM	10,392	10,318
Loans	7,327	7,235	NM	NM	7,344	7,237
Earnings assets	9,649	9,599	NM	NM	9,681	9,611
Deposits	7,409	7,201	NM	NM	7,382	7,180
Equity	\$ 0.873	0.859	NM	NM	0.846	0.839
RATIOS:						
ROCE (ROE)	NM	NM	NM	NM	19.09%	19.18%
ROA	NM	NM	NM	NM	1.55%	1.55%
Efficiency ratio*	NM	NM	NM	NM	48.79%	47.52%

1999	Super Community Banking		Parent, Subs & Eliminations		Corporate Consolidated	
<i>OPERATIONS:</i>	2Q	YTD	2Q	YTD	2Q	YTD
Net interest income	\$103,289	199,161	(1,322)	(2,747)	101,967	196,414
Provision for loan losses	9,392	25,610	265	445	9,657	26,055
Other income	34,962	71,810	1,462	2,663	36,424	74,473
Other expenses	74,501	179,934	(1,571)	(1,588)	72,930	178,346
Income before extraordinary item	33,572	39,921	5,336	4,330	38,908	44,251
Net income	33,572	34,074	5,336	4,330	38,908	38,404
AVERAGES:						
Assets	9,312	9,187	NM	NM	9,330	9,177
Loans	6,899	6,702	NM	NM	6,904	6,710
Earnings assets	8,654	8,517	NM	NM	8,623	8,473
Deposits	6,775	6,778	NM	NM	6,721	6,719
Equity	\$ 0.827	0.828	NM	NM	0.895	0.906
RATIOS:						
ROCE (ROE)	NM	NM	NM	NM	17.43%	8.55%
ROA	NM	NM	NM	NM	1.67%	0.84%
Efficiency ratio	NM	NM	NM	NM	51.13%	52.47%

NM = Not Meaningful ; * — Adjusted for merger-related, conforming expenses and an extraordinary item.

The following tables present estimated revenues from external customers, by product and service group for the indicated periods:

The following tables present estimated revenues from external customers, by product and service group for the indicated periods:

2001	Retail		Commercial		Trust		Total	
	2Q	YTD	2Q	YTD	2Q	YTD	2Q	YTD
Interest and fees	\$102,019	211,036	101,278	206,542	5,582	10,735	208,879	428,313
Service charges	14,224	27,125	3,327	6,275	—	—	17,551	33,400
Loan sales/service	3,029	4,709	—	—	—	—	3,029	4,709
Totals	<u>\$119,272</u>	<u>242,870</u>	<u>104,605</u>	<u>212,817</u>	<u>5,582</u>	<u>10,735</u>	<u>229,459</u>	<u>466,422</u>

2000	Retail		Commercial		Trust		Total	
	2Q	YTD	2Q	YTD	2Q	YTD	2Q	YTD
Interest and fees	\$102,457	199,733	111,378	220,683	5,775	10,835	219,610	431,251
Service charges	11,547	23,630	3,555	5,985	—	—	15,102	29,615
Loan sales/service	1,723	4,503	—	—	—	—	1,723	4,503
Totals	<u>\$115,727</u>	<u>227,866</u>	<u>114,933</u>	<u>226,668</u>	<u>5,775</u>	<u>10,835</u>	<u>236,435</u>	<u>465,369</u>

2000	Retail		Commercial		Trust		Total	
	2Q	YTD	2Q	YTD	2Q	YTD	2Q	YTD
Interest and fees	\$ 97,097	195,195	89,036	175,763	4,595	8,781	190,728	379,739
Service charges	11,725	21,608	2,394	4,835	—	—	14,119	26,443
Loan sales/service	1,855	3,863	—	—	—	—	1,855	3,863
Totals	\$110,677	220,666	91,430	180,598	4,595	8,781	206,702	410,045

4. Earnings per Share — The reconciliation of the numerator and denominator of basic earnings per share (“EPS”) with that of diluted EPS is presented as follows:

EARNINGS PER SHARE	2Q 2001	YTD 2001	2Q 2000	YTD 2000
Income before cumulative change in accounting principle	\$ 39,684	78,877	39,976	79,675
Cumulative effect of change in accounting principle	(6,299)	(6,299)	—	—
Net income	33,385	72,578	39,976	79,675
Less: preferred stock dividends	(39)	(79)	(64)	(129)
Income available to common shareholders before change in accounting method	39,645	78,798	39,912	79,546
Income available to common shareholders after change in accounting method	33,346	72,499	39,912	79,546
Average common shares outstanding	85,512,873	86,100,306	88,341,098	88,327,153
Earnings per basic common share before accounting change	\$ 0.46	0.91	0.45	0.90
Cumulative effect of change in accounting principle	(0.07)	(0.07)	—	—
Earnings per basic common share	\$ 0.39	0.84	0.45	0.90
Income available to common shareholders before change in accounting method	\$ 39,912	79,546	39,912	79,546
Income available to common shareholders after change in accounting method	33,346	72,499	39,912	79,546
Add: preferred stock dividends	39	79	64	129
Add: interest on convertible bonds, net	11	22	13	29
Income used in diluted EPS calculation before change in accounting method	39,695	78,899	39,989	79,704
Income used in diluted EPS calculation after change in accounting method	33,396	72,600	39,989	79,704
Average common shares outstanding	85,512,873	86,100,306	88,341,098	88,327,153
Add: common stock equivalents – stock options	424,424	443,138	234,155	215,979
Add: common stock equivalents – convertible debentures	78,091	78,675	94,561	107,071
Add: common stock equivalents – convertible preferred securities	239,825	254,283	348,712	394,483
Average common shares and common stock equivalents outstanding	86,255,213	86,876,402	89,018,526	89,044,686
Earnings per diluted common share before change in accounting method	\$ 0.46	0.91	0.45	0.90
Cumulative effect of change in accounting method	(0.07)	(0.07)	—	—
Earnings per diluted common share	\$ 0.39	0.84	0.45	0.90

4. In June 1998, the FASB issued Statement No. 133, “Accounting for Derivative Instruments and Hedging Activities” (“SFAS 133”). SFAS 133 establishes accounting and reporting standards for derivative instruments and requires an entity to recognize all derivatives as either assets or liabilities in the Balance Sheet and measure those instruments at fair value. Derivatives that do not meet certain criteria for hedge accounting must be adjusted to fair value through income. If the derivative qualifies for hedge accounting, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged asset or liability through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. Any ineffective portion of a derivative’s change in fair value will be immediately recognized in earnings. This statement was originally to be effective for all fiscal quarters beginning after June 15, 1999. In July 1999, the FASB issued Statement No. 137 which delayed implementation of Statement No. 133 until the first quarter 2001. The Corporation implemented SFAS 133 during the 2001 first quarter. The net effect of initial implementation entries increased investment securities and liabilities by approximately \$11.4 million and affected net income by less than \$100 thousand. At the end of the 2001 first and second quarter, SFAS 133 entries to reflect changes in the fair values of FirstMerit’s derivatives increased pre-tax income by \$118.4 thousand and \$168.3 thousand, respectively.

5. On March 16, 2000, the Corporation issued \$150 million of subordinated bank notes under a previously disclosed debt agreement. The notes bear interest at 8.625% and mature on April 1, 2010. Under the agreement, the aggregate principal outstanding at any one time may not exceed \$1.0 billion. The notes were offered only to institutional investors.

6. As outlined in our June 15, 2001 news release, the requirements of Emerging Issue Task Forces Issues No. 99-20, “Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets” (EITF 99-20), were adopted in the second quarter, as required, and changed the criteria for recognizing an “other than temporary” adverse change in the timing or amount of estimated retained interest cash flows. Accordingly, FirstMerit wrote down the value of its manufactured housing residual interest assets by \$9.7 million (\$6.3 million after-tax) to \$13.0 million. Prior to implementation of EITF 99-20, these estimated changes would have been recorded through comprehensive income rather than through earnings. After the initial implementation of these new rules, adverse changes, if any, will be recorded directly against income.

7. Just prior to the filing of the second quarter 2001 Form 10-Q, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142 (SFAS 142), “Goodwill and Other Intangible Assets,” which addresses the accounting for goodwill and other intangible assets. SFAS 142 specifies that, amount other things, intangible assets with an indefinite useful life, and goodwill will no longer be amortized. The standard requires goodwill to be periodically tested for impairment and written down to fair value if considered impaired. The provisions of SFAS 142 are effective for the fiscal years beginning after December 15, 2001, and are effective for interim periods in the initial year of adoption. The Corporation is currently assessing the financial statement impact of the adoption of SFAS 142.

8. Management believes the interim unaudited consolidated financial statements reflect all adjustments consisting only of normal recurring accruals and reclassifications, necessary for fair presentation of the June 30, 2001 and 2000 and December 31, 2000 statements of condition and the results of operations for the quarters ended June 30, 2001 and 2000. These results have been determined on the basis of generally accepted accounting principles.

9. The Corporation cautions that any forward looking statements contained in this report, in a report incorporated by reference to this report or made by management of the Corporation, involve risks and uncertainties and are subject to change based upon various factors. Actual results could differ materially from those expressed or implied. Reference is made to the section titled “Forward-looking Statements” in the Corporation’s Form 10-K for the period ended December 31, 2000.

AVERAGE CONSOLIDATED BALANCE SHEETS (Unaudited)

Fully-tax Equivalent Interest Rates and Interest Differential

FIRSTMERIT CORPORATION AND SUBSIDIARIES	Three months ended			Year ended			Three months ended		
(Dollars in thousands)	June 30, 2001			December 31, 2000			June 30, 2000		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
ASSETS									
Investment securities:									
U.S. Treasury securities and U.S Government agency obligations (taxable)	\$ 1,503,418	20,814	5.55%	1,836,266	117,652	6.41%	1,852,549	30,002	6.51%
Obligations of states and political subdivisions (tax-exempt)	102,902	2,205	8.59%	116,401	9,573	8.22%	119,139	2,430	8.20%
Other securities	299,810	4,845	6.48%	295,783	21,447	7.25%	296,675	5,258	7.13%
Total investment securities	1,906,130	27,864	5.86%	2,248,450	148,672	6.61%	2,268,363	37,690	6.68%
Federal funds sold & other interest-earning assets	1,170	14	4.80%	49,218	3,196	6.49%	18,042	301	6.71%
Loans held for sale	93,012	534	2.30%	91,547	7,982	8.72%	50,374	1,003	8.01%
Loans	7,350,304	155,982	8.51%	7,275,036	635,487	8.74%	7,343,730	159,236	8.72%
Total earning assets	9,350,616	184,394	7.91%	9,664,251	795,337	8.23%	9,680,509	198,230	8.24%
Allowance for possible loan losses	(111,001)			(109,409)			(110,139)		
Cash and due from banks	184,427			217,446			242,325		
Other assets	704,452			596,349			578,930		
Total assets	\$10,128,494			10,368,637			10,391,625		
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits:									
Demand- non-interest bearing	\$ 1,057,315	—	—	1,032,992	—	—	1,052,392	—	—
Demand- interest bearing	669,298	1,051	0.63%	635,414	3,705	0.58%	645,325	832	0.52%
Savings	1,911,757	12,133	2.55%	1,789,464	52,883	2.96%	1,808,127	12,821	2.85%
Certificates and other time deposits	3,751,908	54,907	5.87%	3,957,140	236,112	5.97%	3,876,139	56,317	5.84%
Total deposits	7,390,278	68,091	3.70%	7,415,010	292,700	3.95%	7,381,983	69,970	3.81%
Federal funds purchased, securities sold under agreements to repurchase and other borrowings	1,674,005	20,316	4.87%	1,951,841	122,551	6.28%	2,030,837	31,988	6.34%
Total interest bearing liabilities	7,985,518	88,407	4.43%	8,333,859	415,251	4.98%	8,360,428	101,958	4.90%
Other liabilities	136,059			118,227			111,576		
Mandatorily redeemable preferred securities	21,450			21,450			21,450		
Shareholders' equity	906,702			862,109			845,779		
Total liabilities and shareholders' equity	\$10,128,494			10,368,637			10,391,625		
Net yield on earning assets	\$ 9,350,616	95,987	4.12%	9,664,251	380,086	3.93%	9,680,509	96,272	4.00%
Interest rate spread			3.48%			3.25%			3.34%

Notes: Interest income on tax-exempt securities and loans have been adjusted to a fully-taxable equivalent basis.

Non-accrual loans have been included in the average balances.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

FirstMerit Corporation’s second quarter 2001 earnings totaled \$39.7 million, or \$0.46 per diluted share, before the cumulative effect of a change in accounting principle. This compares with net income of \$40.0 million, or \$0.45 per diluted share, reported for the second quarter of 2000. As disclosed in a press release issued June 15, 2001, net income for the 2001 second quarter was reduced by a non-recurring after-tax charge of \$6.3 million, or \$.07 per diluted share. The one-time charge was the cumulative effect of an accounting change mandated by new asset-backed residual interest accounting rules. More specific information regarding the residual interest charge can be found at the end of this section.

For the six-month period ended June 30, 2001, earnings before the accounting change were \$78.9 million, compared to \$79.7 million for the same 2000 period. Including the accounting change, year-to-date 2001 net income was \$72.6 million.

For the second quarter of 2001, excluding the impact of the non-recurring accounting change, returns on average assets and average common equity were 1.57% and 17.60%, respectively, compared with 1.55% and 19.09% for the prior year quarter. Corresponding six-month returns were 1.57% and 17.50%, respectively, for 2001 and 1.55% and 19.18%, respectively, for 2000.

Net interest income on a fully-tax-equivalent (“FTE”) basis was \$96.0 million for the 2001 second quarter compared to \$91.2 million in the current year first quarter and \$96.3 million in the 2000 second quarter. The net interest margin rose to 4.12% this quarter, 15 basis points above first quarter and 12 basis points above the 2000 second quarter level. Average earning assets declined 3.4% from the year ago quarter. For the first half of 2001, FTE net interest income totaled \$187.2 million, \$6.5 million less than results for the six months ended June 30, 2000. The net interest margin of 4.04% for the first half was nearly identical to the 4.05% earned in the same 2000 period.

Excluding gain/losses from the sale of securities, non-interest income was \$46.0 million, a 17.3% increase from the \$39.1 million reported for the 2000 second quarter. Growth was strong in several other fee areas including bank-owned life insurance income, up 242%, loan sales and servicing, up 76%, and manufactured housing income, up 33%. Second quarter fees accounted for 32.4% of net revenues compared to 28.9% in 2000. For the year-to-date period, fee income was 33.13% of net revenues, up from 28.88% in 2000. Included in 2001 six-month results is a gain from the sale of a partnership interest which added \$5.6 million to non-interest income.

Non-interest expense totaled \$72.8 million in the second quarter, up 6.0% from the prior year, with increases reported in salaries and benefits, up 6.7%; bankcard and loan processing costs, up 27.8%; and other operating expenses, up 8.6%. The efficiency ratio was 49.65% for the quarter compared to 48.8% a year ago. The efficiency ratio for the 2001 and 2000 halves were 48.47% and 47.52%, respectively.

Period-end assets were \$10.2 billion, down 2.7% from last year's second quarter. Earning assets were down 4.0%, with end-of-period loans unchanged from the prior year at \$7.4 billion. Consistent with prior periods and FirstMerit's desired loan mix, credit card, home equity and commercial loans all experienced solid growth, while installment, manufactured housing and mortgage loans declined.

Total deposits at period end were \$7.5 billion, down 4.0% from last year. Time deposits declined 11.6%, and were partially offset by the 7% increase in both interest-bearing demand deposits and savings and money market accounts.

The second quarter loan loss provision was \$9.4 million, up 12.6% from second quarter 2000. Net charge-offs for the quarter were \$8.9 million, or 0.49% of average loans outstanding on an annualized basis, compared with 0.36% a year ago. The allowance for loan losses stands at 1.50% of period-end loans, up one basis point from the prior year quarter. Non-performing assets as a percent of loans and ORE were 0.66% this second quarter, compared with 0.40% a year ago. Reserve coverage of non-performing assets was 2.75 times compared with 4.3 times for the prior year quarter. The loan loss provision for the first half was \$21.2 million compared to \$20.1 million in the 2000 half.

Shareholders' equity was \$906.3 million at quarter end. Average equity to assets was 8.95% compared to 8.14% a year ago. Common stock dividends paid were \$0.23 per share, representing a 50% payout of core after-tax income. At quarter end, there were 85.3 million common shares outstanding.

As outlined in our June 15, 2001 news release, the requirements of Emerging Issues Task Force Issue No. 99-20, "Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets" (EITF 99-20), were adopted in the second quarter, as required, and changed the criteria for recognizing an "other than temporary" adverse change in the timing or amounts of estimated retained interest cash flows. Accordingly, FirstMerit wrote down the value of its manufactured housing residual interest assets by \$9.7 million (\$6.3 million after-tax) to \$13.0 million. Prior to implementation of EITF 99-20, these estimated changes would have been recorded through comprehensive income rather than through earnings. After the initial implementation of these new rules, adverse changes, if any, will be recorded directly against income.

The components of change in per share income for the three-month and six-month periods ended June 30, 2001 and 2000 are summarized in the following table:

Changes in Earnings per Share	CORE QTR ended June 30, 2000/2001	Reported QTR ended June 30, 2000/2001	Reported QTR ended June 30, 1999/2000	CORE YTD ended June 30, 2000/2001	Reported YTD ended June 30, 2000/2001	CORE YTD ended June 30, 1999/2000	Reported YTD ended June 30, 1999/2000
Diluted net income/ core earnings per share – period start	\$ 0.45	0.45	0.42	0.90	0.90	0.83	0.42
Increases (decreases) due to:							
Net interest income- taxable equivalent	—	—	(0.07)	(0.07)	(0.07)	(0.05)	(0.06)
Provision for possible loan losses	(0.01)	(0.01)	0.01	(0.01)	(0.01)	(0.04)	0.07
Other income	0.08	0.08	0.03	0.16	0.16	0.03	0.03
Other expenses	(0.05)	(0.05)	0.04	(0.06)	(0.06)	0.11	0.48
Federal income taxes- taxable equivalent	(0.02)	(0.02)	—	(0.03)	(0.03)	(0.01)	(0.14)
Extraordinary item - extinguishment of debt	—	—	—	—	—	—	0.07
Cumulative effect of change in accounting principle	—	(.07)	—	—	(.07)	—	—
Change in share base	<u>0.01</u>	<u>0.01</u>	<u>0.02</u>	<u>0.02</u>	<u>0.02</u>	<u>0.03</u>	<u>0.03</u>
Net change in diluted net income per share	<u>0.01</u>	<u>(.06)</u>	<u>0.03</u>	<u>0.01</u>	<u>(.06)</u>	<u>0.07</u>	<u>0.48</u>
Diluted net income per share – period end	<u>\$ 0.46</u>	<u>0.39</u>	<u>0.45</u>	<u>0.91</u>	<u>0.84</u>	<u>0.90</u>	<u>0.90</u>

Net Interest Income

Net interest income, the Corporation’s principal source of earnings, is the difference between the interest income generated by earning assets (primarily loans and investment securities) and the total interest paid on interest bearing funds (namely deposits and other borrowings). For the purpose of this discussion, net interest income is presented on a fully-taxable equivalent (“FTE”) basis, to provide a comparison among types of interest earning assets. That is, interest on tax-free securities and tax-exempt loans has been restated as if such interest were taxed at the statutory Federal income tax rate of 35%, adjusted for the non-deductible portion of interest expense incurred to acquire the tax-free assets.

Net interest income FTE for the quarter ended June 30, 2001 was \$96.0 million compared to \$96.3 million for the same period one year ago, a decrease of \$0.3 million. The decrease occurred because the drop in interest income was slightly more than the decline in interest expense.

As shown in the following rate/volume table, FTE interest income declined \$13.8 million, mainly as a result of volume decreases in investment securities and interest rate declines in securities and loans. Specifically, compared to the same quarter last year, lower investment securities balances reduced interest income by \$5.3 million, while lower yields on loans and securities caused declines in interest income of \$4.1 million and \$4.6 million, respectively.

Similar to the decline in interest income, the drop in interest expense of \$13.6 million, compared to the same 2000 quarter, was a result of both rate and volume declines. The biggest factors for lower interest costs were (1) fewer outstandings in CDs, which reduced interest expense by \$1.8 million; (2) lower balances in Repos and other borrowings, which lowered interest costs by \$4.7 million; and (3) rate declines in Savings and Repos and other borrowings, which reduced interest expense by \$1.3 million and \$7.0 million, respectively.

For the first half of the year, net interest income FTE declined \$6.6 million to \$193.7 million. The net decrease occurred as interest income dropped \$14.3 million, but was partially offset by a decline in interest expense of \$7.7 million. Lower investment balances lessened interest income by \$12.8 million, while higher loan volumes added \$5.8 million during the six-month period. The lower interest rate environment during the half, compared to last year, lessened securities interest income by \$2.9 million, loan interest income by \$4.0 million, and Repos and other borrowings’ interest expense by \$8.5 million. Lower balances in Repos and other borrowings caused a \$13.6 million drop in interest expense when compared to the equivalent period last year.

Changes in Net Interest Differential -
Fully-Tax Equivalent Rate/Volume Analysis
(Dollars in thousands)

	Quarters ended June 30, 2001 and 2000			Six Months Ended June 30, 2001 and 2000		
	Increase (Decrease) Interest Income/Expense			Increase (Decrease) Interest Income/Expense		
	Volume	Yield Rate	Total	Volume	Yield Rate	Total
INTEREST INCOME						
Investment Securities	(\$5,271)	(4,555)	(9,826)	(12,845)	(2,932)	(15,777)
Loans and loans held for sale	385	(4,108)	(3,723)	5,835	(4,038)	1,797
Federal funds sold and others	(202)	(85)	(287)	(259)	(40)	(299)
Total interest income	(\$5,088)	(8,748)	(13,836)	(7,269)	(7,010)	(14,279)
INTEREST EXPENSE						
Interest on deposits:						
Demand-interest bearing	\$ 38	181	219	47	500	547
Savings	658	(1,346)	(688)	1,333	944	2,277
Certificates and other time deposits	(1,818)	408	(1,410)	4,089	7,430	11,519
Federal Funds Purchased, REPOs & other borrowings	(4,650)	(7,022)	(11,672)	(13,613)	(8,454)	(22,067)
Total interest expense	(5,772)	(7,779)	(13,551)	(8,144)	420	(7,724)
Net interest income	\$ 684	(969)	(285)	875	(7,430)	(6,555)

Note: The variance created by a combination of rate and volume has been entirely allocated to the volume column.

Net Interest Margin

The net interest margin, net interest income FTE divided by average earning assets, is affected by changes in the level of earning assets, the proportion of earning assets funded by non-interest bearing liabilities, the interest rate spread, and changes in the corporate tax rates. A meaningful comparison of the net interest margin requires an adjustment for the changes in the statutory Federal income tax rate noted above. The following schedule shows the relationship of the tax equivalent adjustment and the net interest margin.

Net Interest Margin
(Dollars in thousands)

	Quarters Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Net interest income per financial statements	\$ 95,091	95,289	185,448	191,740
Tax equivalent adjustment	896	983	1,730	1,993
Net interest income — FTE	95,987	96,272	187,178	193,733
Average earning assets	\$9,350,616	9,680,509	9,338,267	9,610,892
Net interest margin	4.12%	4.00%	4.04%	4.05%

Other Income

Other income for the quarter ended June 30, 2001 was \$46.0 million, an increase of \$6.8 million or 17.3%, over the \$39.2 million earned during the same period last year. Excluding securities sales, the increase in other income was \$7.0 million, or 17.8%. For the six-month period, excluding securities gains and the first quarter 2001 \$5.6 million gain from the sale of a partnership interest, other income totaled \$87.1 million, up 10.7% from \$78.7 million a year ago.

Trust department income for the second quarter was \$5.6 million, down 13.4% from the \$6.4 million earned one year ago. The decline, which was more than offset by increases in other fee categories, is mostly attributed to lower stock market returns,

which are the basis for certain trust fees. Service charges on depositors' accounts increased 18.0% to \$13.7 million from \$11.6 million for last year's second quarter. Credit card fees, including merchant services, increased 11.7% to \$9.2 million for the quarter compared to \$8.3 million for the three months ended June 30, 2000. ATM and other service fees rose slightly from \$3.9 million during the 2000 second quarter to \$4.1 million for the same current year period. Income from bank owned life insurance ("BOLI") totaled \$3.2 million compared to \$0.9 million in 2000. Manufactured housing income was \$1.2 million for the quarter, 33.1% higher than the \$0.9 million reported last year. Securities gains/losses were immaterial for the current and prior year quarters. Loan sales and servicing income was \$3.0 million in the 2001 quarter, up from \$1.7 million in 2000. Other operating income was \$2.2 million compared to \$1.8 million for last year's quarter.

First-half 2001 results compared to the same 2000 period were as follows: trust department income declined 6.7%; service charges on depositors' accounts rose 14.9%; credit card and merchant service fees increased 13.4%; ATM and other service fees were the same as last year at \$7.6 million; BOLI revenue was \$6.2 million, up from \$1.8 million earned in 2000; a \$5.6 million gain from the sale of a partnership interest is included in the 2001 first half; manufactured housing income increased from \$1.6 million to \$2.7 million; securities gains and losses were immaterial in both periods; loan sales and servicing increased 4.6% to \$4.7 million and other operating income totaled \$4.2 million, a decline of \$2.4 million from last year.

The Corporation continues to recognize other income as an important complement to net interest income as it provides a source of revenues not sensitive to the interest rate environment.

Other Expenses

Other expenses were \$72.8 million for the second quarter, an increase of \$4.1 million, or 6.0%, from the \$68.7 million recorded during the same quarter last year. Year-to-date operating costs totaled \$140.4 million, up \$5.6 million or 4.1% from the \$134.8 million recorded during the 2000 first half.

The "lower-is-better" efficiency ratio for the second quarter was 49.65% compared to 48.79% a year ago. The efficiency ratio for the first half was 48.47% and 47.52% for the six months ended June 30, 2000. The 2001 efficiency ratios for the quarterly and year-to-date periods do not include the \$9.7 million pre-tax residual interest accounting change described previously in the Results of Operations section of this document. The 2001 second quarter efficiency ratio indicates it took 49.65 cents of operating costs to generate every dollar of profit.

Salaries, wages, pension and employee benefits ("salaries and benefits"), the largest component of other expenses, totaled \$33.1 million for second quarter 2001, up

\$2.1 million from last year’s expense of \$31.0 million. The entire increase can be attributed to annual merit increases and higher payout and current accrued amounts related to incentive pay. For the 2001 six-month period, salaries and benefits were \$64.6 million, up \$1.3 million or 2.0%, from \$63.4 million in 2000. Again, merit increases and incentive accruals and payouts more than accounted for the higher 2001 first half salaries and benefits expense.

Net occupancy and equipment expenses were relatively unchanged from year ago quarter and six-month totals. Stationary, supplies and postage decreased 18.2% compared to the prior year quarter and 16.4% compared to the six months ended June 30, 2000. Bankcard, loan processing and other costs increased 27.8% and 15.6%, for the quarter and year-to-date periods, respectively. Much of this increase occurred as a result of higher mortgage, manufactured housing and home equity loan origination and processing costs. Professional fees were \$2.8 million for the quarter compared to \$2.5 million last year. Similarly, professional fees for the first half were \$1.5 million above the comparable 2000 period. Other operating expenses for the second quarter were \$16.7 million, up from \$15.4 million last year. Year-to-date 2001 other operating expenses totaled \$30.3 million, up \$4.0 million from last year’s total of \$26.3 million.

FINANCIAL CONDITION

Investment Securities

All investment securities of the Corporation are classified as available for sale. The available for sale classification provides the Corporation with more flexibility to respond, through the portfolio, to changes in market interest rates, or to increases in loan demand or deposit withdrawals. The book value and market value of investment securities classified as available for sale are as illustrated in the following tables.

June 30, 2001

	Book Value	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
U.S. Treasury securities and U.S Government agency obligations	\$ 426,230	1,856	1,658	426,428
Obligations of state and political subdivisions	106,735	1,268	159	107,844
Mortgage-backed securities	1,164,528	6,585	10,951	1,160,162
Other securities	292,895	509	7,536	285,868
	<u>\$1,990,388</u>	<u>10,218</u>	<u>20,304</u>	<u>1,980,302</u>

	Book Value	Market Value
Due in one year or less	\$ 60,943	60,667
Due after one year through five years	140,638	141,309
Due after five years through ten years	357,567	359,106
Due after ten years	1,431,690	1,419,220
	<u>\$1,990,388</u>	<u>1,980,302</u>

The book value and market value of investment securities including mortgage-backed securities and derivatives at June 30, 2000, by contractual maturity, are shown in the preceding table. Expected maturities will differ from contractual maturities based on the issuers’ right to call or prepay obligations with or without call or prepayment penalties.

The carrying value of investment securities pledged to secure trust and public deposits and for purposes required or permitted by law amounted to approximately \$1.4 billion at June 30, 2001, \$1.6 billion at December 31, 2000 and \$1.9 billion at June 30, 2000.

Securities with remaining maturities over five years reflected in the foregoing schedule consist of mortgage and asset backed securities. These securities are purchased within an overall strategy to maximize future earnings taking into account an acceptable level of interest rate risk. While the maturities of these mortgage and asset backed securities are beyond five years, these instruments provide periodic principal payments and include securities with adjustable interest rates, reducing the interest rate risk associated with longer term investments.

Loans

Total loans outstanding at June 30, 2001 were \$7.351 billion compared to \$7.237 billion at December 31, 2000 and \$7.409 billion at June 30, 2000.

By category, the following year-over-year changes in average loan balances occurred: commercial loans increased \$204.3 million or 6.2%; manufactured housing loans were flat compared to last year, when the sale of \$46.3 million to outside banks is considered; installment loans have declined \$70.7 million or 4.7%; home equity loans are up \$33.9 million or 7.9% and credit card outstandings have risen \$15.4 million or 14.8%. Average mortgage loans declined \$121.8 million or 13.7% as the Corporation continues to shift its loan mix away from lower-yielding mortgage loans, through securitizations and normal paydown activity, and toward higher-yielding commercial and consumer credits.

Year-to-date average loan increases and decreases were consistent with the trends noted in the analysis just preceding this paragraph. Average outstanding loans for both the quarter and six-month periods equaled 79% of average earning assets.

Asset Quality

At June 30, 2001, total nonperforming assets, defined as nonaccrual loans, restructured loans and other real estate (“ORE”), were \$48.5 million 0.66% of total outstanding loans and ORE. These same statistics for other recent quarter-ends were as follows: \$38.2 million or 0.52% at March 31, 2001; \$36.4 million or 0.50% at December 31, 2000; and \$29.5 million or 0.40% at June 30, 2000.

Impaired loans are loans for which, based on current information or events, it’s probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement. Impaired loans must be valued based on the present value of the loans’ expected future cash flows at the loans’ effective interest rates, at the loans’ observable market prices, or the fair value of the underlying collateral. Under FirstMerit’s credit policies and practices, and according to provisions within Statements No. 114 and No. 118, all nonaccrual and restructured commercial, agricultural, construction, and commercial real estate loans, meet the definition of impaired loans.

ASSET QUALITY TABLE

(Dollars in thousands)	June 30, 2001	December 31, 2000	June 30, 2000
Impaired Loans:			
Non-accrual	\$38,571	28,039	22,558
Restructured	<u>87</u>	<u>150</u>	<u>212</u>
Total impaired loans	<u>38,658</u>	<u>28,189</u>	<u>22,770</u>
Other Loans:			
Non-accrual	1,509	2,135	2,622
Restructured	<u>—</u>	<u>—</u>	<u>—</u>
Total other nonperforming loans	<u>1,509</u>	<u>2,135</u>	<u>2,622</u>
Total nonperforming loans	<u>40,167</u>	<u>30,324</u>	<u>25,392</u>
Other real estate owned (ORE)	<u>8,357</u>	<u>6,067</u>	<u>4,122</u>
Total nonperforming assets	<u>\$48,524</u>	<u>36,391</u>	<u>29,514</u>
Loans past due 90 days or more accruing interest	<u>\$42,089</u>	<u>31,440</u>	<u>21,673</u>
Total nonperforming assets as a percent of total loans and ORE	<u>0.66%</u>	<u>0.50%</u>	<u>0.40%</u>

NA = Not Available

There is no concentration of loans in any particular industry or group of industries. Most of the Corporation’s business activity is with customers located within the state of Ohio.

Allowance for Loan Losses

The allowance for possible loan losses at June 30, 2001 totaled \$110.6 million, or 1.50% of total loans outstanding compared to \$108.3 million, or 1.50% and \$110.1 million, or 1.49% at December 31, 2000 and June 30, 2000, respectively.

Dollars in thousands	Six months ended June 30, 2001	Year ended December 31, 2000	Six months ended June 30, 2000
Allowance — beginning of period	\$108,285	104,897	104,897
Loans charged off:			
Commercial, financial, agricultural	4,305	7,089	10,199
Installment to individuals	22,413	37,972	12,256
Real estate	1,048	2,558	1,223
Lease financing	806	1,809	806
Total charge-offs	29,033	49,428	24,484
Recoveries:			
Commercial, financial, agricultural	696	4,805	3,890
Installment to individuals	8,341	13,866	5,158
Real estate	401	763	217
Lease financing	720	674	351
Total recoveries	10,158	20,108	9,616
Net charge-offs	18,875	29,320	14,868
Provision for possible loan losses	<u>21,210</u>	<u>32,708</u>	<u>20,060</u>
Allowance — end of period	<u>\$110,620</u>	<u>108,285</u>	<u>110,089</u>
Annualized net charge offs as a percent of average loans	0.52%	0.40%	0.41%
Allowance for possible loan losses:			
As a percent of loans outstanding at end of period	1.50%	1.50%	1.49%
As a multiple of annualized net charge offs	2.91X	3.69X	3.68X

The Corporation’s Credit Quality department manages credit risk by establishing common credit policies for its subsidiaries, which operate under the authority of the Corporation’s Board of Directors Credit Committee, participating in approval of larger loans, conducting reviews of loan portfolios, providing centralized consumer underwriting, collections and loan operation services, and overseeing loan workouts. The Corporation’s objective is to minimize losses from commercial lending activities and to maintain consumer losses at levels that are within desired risk parameters and consistent with growth and profitability objectives.

Deposits

The following schedule illustrates the change in composition of the average balances of deposits and average rates paid for the noted periods.

	Quarter Ended June 30, 2001		Year Ended December 31, 2000		Quarter Ended June 30, 2000	
	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate
Non-interest DDA	\$1,057,315	—	1,032,992	—	1,052,392	—
Interest-bearing DDA	669,298	0.63%	635,414	0.58%	645,325	0.52%
Savings deposits	1,911,757	2.55%	1,789,464	2.96%	1,808,127	2.85%
CDs and other time	3,751,908	5.87%	3,957,140	5.97%	3,876,139	5.84%
	<u>\$7,390,278</u>	3.70%	<u>7,415,010</u>	3.95%	<u>7,381,983</u>	3.81%

Average CDs totaled \$3.752 billion for the quarter ended June 30, 2001, down 3.2% from \$3.876 billion for the same 2000 quarter. On a percentage basis, average CDs were 47% and 46% of average total interest bearing funds for the June 30, 2001 and 2000 quarters, respectively; average savings deposits, including money market accounts, were 24% of average interest bearing funds during the quarter ended June 30, 2001 and 22% for the same period last year; average interest-bearing demand deposits were 8% of total average interest bearing funds during the 2001 and 2000 second quarters; and average wholesale borrowings decreased from 24% of average interest-bearing funds during the three months ended June 30, 2000 to 21% for the June 30, 2001 quarter. During the three months ended June 30, 2001, average interest bearing liabilities funded approximately 85% of average earning assets compared to 86% in 2000.

The following table summarizes the certificates and other time deposits in amounts of \$100 thousand or more, as of June 30, 2001, by time remaining until maturity.

(Dollars in thousands)	Amount
Maturing in:	
Under 3 months	\$ 430,989
3 to 12 months	455,238
Over 12 months	512,613
	<u>\$ 1,398,840</u>

Market Risk

The Corporation is exposed to market risks in the normal course of business. Changes in market interest rates may result in changes in the fair market value of the Corporation’s financial instruments, cash flows, and net interest income. The corporation seeks to achieve consistent growth in net interest income and capital while managing volatility arising from shifts in market interest rates. The Asset and Liability Committee (“ALCO”) oversees financial risk management, establishing broad policies that govern a variety of financial risks inherent in the Corporation’s operations. ALCO monitors the Corporation’s interest rates and sets limits on allowable risk annually. Market risk is the potential of loss arising from adverse changes in the fair value of financial instruments due to changes in interest rates, exchange rates, and equity prices. The Corporation’s market risk is composed primarily of interest rate risk. Interest rate risk on the Corporation’s balance sheet consists of mismatches of maturity gaps and indices, and options risk. Maturity gap mismatches result from differences in the maturity or repricing of asset and liability portfolios. Options risk exists in many of the Corporation’s retail products such as prepayable mortgage loans and demand deposits. Options risk typically results in higher costs or lower revenue for the Corporation. Index mismatches occur when asset and liability portfolios are tied to different market indices which may not move in tandem as market interest rates change.

Interest rate risk is monitored using gap analysis, earnings simulation and net present value estimations. Combining the results from these separate risk measurement processes allows a reasonably comprehensive view of short-term and long-term interest rate risk in the Corporation. Gap analysis measures the amount of repricing risk in the balance sheet at a point in time. Earnings simulation involves forecasting net interest earnings under a variety of scenarios including changes in the level of interest rates, the shape of the yield curve, and spreads between market

interest rates. ALCO also monitors the net present value of the balance sheet, which is the discounted present value of all asset and liability cash flows. Interest rate risk is quantified by changing the interest rates used for discounting cash flows and comparing the net present value to the original figure.

Capital Resources

Shareholders' equity at June 30, 2001 totaled \$906.3 million compared to \$914.9 million at December 31, 2000 and \$866.8 million at June 30, 2000.

The following table reflects the various measures of capital:

(In thousands)	At June 30, 2001		At December 31, 2000		At June 30, 2000	
Total equity	\$ 906,250	8.89%	914,889	8.96%	866,796	8.27%
Common equity	904,194	8.87%	912,388	8.93%	863,771	8.24%
Tangible common equity (a)	757,477	7.54%	761,060	7.56%	707,374	6.85%
Tier 1 capital (b)	784,220	9.06%	794,736	9.34%	778,638	9.10%
Total risk-based capital (c)	1,043,582	12.06%	1,053,322	12.38%	1,037,927	12.14%
Leverage (d)	784,220	7.85%	794,736	7.80%	778,638	7.61%

-
- a)

Common equity less all intangibles; computed as a ratio to total assets less intangible assets.
- b)

Shareholders' equity minus net unrealized holding gains on equity securities, plus or minus net unrealized holding losses or gains on available for sale debt securities, less goodwill; computed as a ratio to risk-adjusted assets, as defined in the 1992 risk-based capital guidelines.
- c)

Tier 1 capital plus qualifying loan loss allowance, computed as a ratio to risk-adjusted assets, as defined in the 1992 risk-based capital guidelines.
- d)

Tier 1 capital; computed as a ratio to the latest quarter's average assets less goodwill.

The risk-based capital guidelines issued by the Federal Reserve Bank in 1988 require banks to maintain capital equal to 8% of risk-adjusted assets effective December 31, 1993. At June 30, 2001 the Corporation's risk-based capital equaled 12.06% of risk adjusted assets, exceeding the minimum guidelines. The cash dividend of \$0.23 paid in the second quarter has an indicated annual rate of \$0.92 per share.

Market Risk

The Corporation is exposed to market risks in the normal course of business. Changes in market interest rates may result in changes in the fair market value of the Corporation's financial instruments, cash flows, and net interest income. The corporation seeks to achieve consistent growth in net interest income and capital while managing volatility arising from shifts in market interest rates. The Asset and Liability Committee ("ALCO") oversees financial risk management, establishing broad policies that govern a variety of financial risks inherent in the Corporation's operations. ALCO monitors the Corporation's interest rates and sets limits on allowable risk annually. Market risk is the potential of loss arising from adverse changes in the fair value of financial instruments due to changes in interest rates, exchange rates, and equity prices. The Corporation's market risk is composed primarily of interest rate risk. Interest rate risk on the Corporation's balance sheet consists of mismatches of maturity gaps and indices, and options risk. Maturity gap mismatches result from differences in the maturity or repricing of asset and liability portfolios. Options risk exists in many of the Corporation's retail products such as prepayable mortgage loans and demand deposits. Options risk typically results in higher costs or lower revenue for the Corporation. Index mismatches occur when asset and liability portfolios are tied to different market indices which may not move in tandem as market interest rates change.

Interest rate risk is monitored using gap analysis, earnings simulation and net present value estimations. Combining the results from these separate risk measurement processes allows a reasonably comprehensive view of short-term and long-term interest rate risk in the Corporation. Gap analysis measures the amount of repricing risk in the balance sheet at a point in time. Earnings simulation involves forecasting net interest earnings under a variety of scenarios including changes in the level of interest rates, the shape of the yield curve, and spreads between market interest rates. ALCO also monitors the net present value of the balance sheet, which is the discounted present value of all asset and liability cash flows. Interest rate risk is quantified by changing the interest rates used for discounting cash flows and comparing the net present value to the original figure.

PART II. — OTHER INFORMATION

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On April 18, 2001, the Registrant held its Annual Meeting of Shareholders for which the Board of Directors solicited proxies. At the Annual Meeting, the shareholders adopted a proposal, as stated in the Proxy Statement dated March 9, 2001, to elect six Class I directors. The proposal was voted on and approved by the shareholders. The voting results for election of the directors are as follows:

1. The election of six Class I directors, being:

	For	Against	Authority Withheld
John R. Cochran	68,073,184	*	7,320,133
Richard Colella	71,209,295	*	4,184,022
Phillip A. Lloyd, II	71,022,668	*	4,370,650
Roger T. Read	71,864,246	*	3,529,072
Richard N. Seaman	71,890,237	*	3,503,080
Charles F. Valentine	71,913,846	*	3,479,471

* Proxies provide that shareholders may either cast a vote for, or abstain from voting for, directors.

All other Class II (Karen S. Belden, R. Cary Blair, Robert W. Briggs, Gary G. Clark and Clifford J. Isroff) and Class III directors (John C. Blickle, Sid A. Bostic, Terry L. Haines, Robert G. Merzweiler and Jerry M. Wolf) continued in their positions.

2. A non-binding shareholder proposal regarding the hiring of an advisor to maximize shareholder value (as described in the proxy statement) was defeated. The voting results, as certified by EquiServe (the Inspector of Elections), for the shareholder proposal was as follows:

Against	50,728,131
Abstain	3,113,398
Broker Non-Votes	7,543,799
For	15,454,456

Broker non-votes, as well as votes abstaining, are treated as votes against the proposal.

As such, the proposal was voted down by an overwhelming number of the shareholders, with vote percentages of:

Against	79.89%
For	20.11 %

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit Index

Exhibit Number	
3.1	Amended and Restated Articles of Incorporation of FirstMerit Corporation, as amended (incorporated by reference from Exhibit 3.1 to the Form 10-K/ A filed by the Registrant on April 29, 1999)
3.2	Amended and Restated Code of Regulations of FirstMerit Corporation (incorporated by reference from Exhibit 3(b) to the Form 10-K filed by the registrant on April 9, 1998)

**Exhibit
Number**

- 4.1 Shareholders Rights Agreement dated October 21, 1993, between FirstMerit Corporation and FirstMerit Bank, N.A., as amended and restated May 20, 1998 (incorporated by reference from Exhibit 4 to the Form 8-A/ A filed by the registrant on June 22, 1998)
- 4.2 Instrument of Assumption of Indenture between FirstMerit Corporation and NBD Bank, as Trustee, dated October 23, 1998 regarding FirstMerit Corporation's 6 1/4% Convertible Subordinated Debentures, due May 1, 2008 (incorporated by reference from Exhibit 4(b) to the Form 10-Q filed by the registrant on November 13, 1998)
- 4.3 Supplemental Indenture, dated as of February 12, 1999, between FirstMerit and Firststar Bank Milwaukee, National Association, as Trustee relating to the obligations of the FirstMerit Capital Trust I, fka Signal Capital Trust I (incorporated by reference from Exhibit 4.3 to the Form 10-K filed by the Registrant on March 22, 1999)
- 4.4 Indenture dated as of February 13, 1998 between Firststar Bank Milwaukee, National Association, as trustee and Signal Corp (incorporated by reference from Exhibit 4.1 to the Form S-4, No. 333-52581-01, filed by FirstMerit Capital Trust I, fka Signal Capital Trust I, on May 13, 1998)
- 4.5 Amended and Restated Declaration of Trust of FirstMerit Capital Trust I, fka Signal Capital Trust I, dated as of February 13, 1998 (incorporated by reference from Exhibit 4.5 to the Form S-4 No. 333-52581-01, filed by FirstMerit Capital Trust I, fka Signal Capital Trust I, on May 13, 1998)
- 4.6 Form Capital Security Certificate (incorporated by reference from Exhibit 4.6 to the Form S-4 No. 333-52581-01, filed by FirstMerit Capital Trust I, fka Signal Capital Trust I, on May 13, 1998)
- 4.7 Series B Capital Securities Guarantee Agreement (incorporated by reference from Exhibit 4.7 to the Form No. 333-52581-01, filed by FirstMerit Capital Trust I, fka Signal Capital Trust I, on May 13, 1998)
- 4.8 Form of 8.67% Junior Subordinated Deferrable Interest Debenture, Series B (incorporated by reference from Exhibit 4.7 to the Form S-4 No. 333-52581-01, filed by FirstMerit Capital Trust I, fka Signal Capital Trust I, on May 13, 1998)
- 10.1 1982 Incentive Stock Option Plan of FirstMerit Corporation (incorporated by reference from Exhibit 4.2 to the Form S-8 (No. 33-7266) filed by the registrant on July 15, 1986)*
- 10.2 Amended and Restated 1992 Stock Option Program of FirstMerit Corporation (incorporated by reference from Exhibit 10.2 to the Form 10-K filed by the registrant on February 24, 1998)*
- 10.3 FirstMerit Corporation 1992 Directors Stock Option Program (incorporated by reference from Exhibit 10.2 to the Form 10-K filed by the registrant on February 24, 1998)*
- 10.4 FirstMerit Corporation 1995 Restricted Stock Plan (incorporated by reference from Exhibit (10)(d) to the Form 10-Q for the fiscal quarter ended March 31, 1995, filed by the registrant on May 15, 1995)*
- 10.5 FirstMerit Corporation 1997 Stock Option Program (incorporated by reference from Exhibit 10.5 to the Form 10-K filed by the registrant on February 24, 1998)*
- 10.6 FirstMerit Corporation 1999 Stock Plan (incorporated by reference from Exhibit 10.39 to the Form S-8 filed by the Registrant on May 21, 1999)*
- 10.7 FirstMerit Corporation 1987 Stock Option and Incentive Plan (SF) 1998 (incorporated by reference from Exhibit 10.7 to the Form 10-K filed by the registrant on March 10, 2000)*
- 10.8 FirstMerit Corporation 1996 Stock Option and Incentive Plan (SF) (incorporated by reference from Exhibit 10.8 to the Form 10-K filed by the registrant on March 10, 2000)*
- 10.9 FirstMerit Corporation 1994 Stock Option Plan (SF) (incorporated by reference from Exhibit 10.9 to the Form 10-K filed by the registrant on March 10, 2000)*
- 10.10 FirstMerit Corporation 1989 Stock Incentive Plan (SB) (incorporated by reference from Exhibit 10.10 to the Form 10-K filed by the registrant on March 10, 2000)*
- 10.11 FirstMerit Corporation Amended and Restated Stock Option and Incentive Plan (SG) (incorporated by reference from Exhibit 10.11 to the Form 10-K filed by the registrant on March 10, 2000)*
- 10.12 FirstMerit Corporation Non-Employee Director Stock Option Plan (SG) (incorporated by reference from Exhibit 4.3 to the Form S-8/ A (No. 333-63797) filed by the registrant on February 12, 1999)*
- 10.13 FirstMerit Corporation 1997 Omnibus Incentive Plan (SG) (incorporated by reference from Exhibit 10.13 to the Form 10-K filed by the registrant on March 10, 2000)*
- 10.14 FirstMerit Corporation 1993 Stock Option Plan (FSB) (incorporated by

**Exhibit
Number**

- reference from Exhibit 10.14 to the Form 10-K filed by the registrant on March 10, 2000)*
- 10.15 Amended and Restated FirstMerit Corporation Executive Deferred Compensation Plan (incorporated by reference from Exhibit 10(h) to the Form 10-K filed by the registrant on February 25, 1997)*
- 10.16 Amended and Restated FirstMerit Corporation Director Deferred Compensation Plan (incorporated by reference from Exhibit 10(i) to the Form 10-K filed by the registrant on February 25, 1997)*
- 10.17 FirstMerit Corporation Executive Supplemental Retirement Plan (incorporated by reference from Exhibit 10(d) to the Form 10-K filed by the registrant on March 15, 1996)*
- 10.18 Amended and Restated Membership Agreement with respect to the FirstMerit Corporation Executive Supplemental Retirement Plan (incorporated by reference from Exhibit 10.39 to the Form 10-K filed by the Registrant on March 22, 1999)*
- 10.19 FirstMerit Corporation Unfunded Supplemental Benefit Plan (incorporated by reference from Exhibit 10.11 to the Form 10-K filed by the registrant on February 24, 1998)*
- 10.20 First Amendment to the FirstMerit Corporation Unfunded Supplemental Benefit Plan (incorporated by reference from Exhibit 10(v) to the Form 10-K filed by the registrant on March 2, 1995)*
- 10.21 FirstMerit Corporation Executive Committee Life Insurance Program Summary (incorporated by reference from Exhibit 10(w) to the Form 10-K filed by the registrant on March 2, 1995)*
- 10.22 Long Term Disability Plan (incorporated by reference from Exhibit 10(x) to the Form 10-K filed by the registrant on March 2, 1995)*
- 10.23 Supplemental Pension Agreement of John R. Macso (incorporated by reference from Exhibit 10.13 to the Form 10-K filed by the registrant on February 24, 1998)*
- 10.24 Employment Agreement with John R. Macso, dated August 3, 1999 (incorporated by reference from Exhibit 10.13.1 to the Form 10-Q filed by the Registrant on November 12, 1999)*
- 10.25 Agreement with John R. Macso, dated August 3, 1999 (incorporated by reference from Exhibit 10.13.2 to the Form 10-Q filed by the Registrant on November 12, 1999)*
- 10.26 Stock Option Agreement with John R. Macso, dated August 3, 1999 (incorporated by reference from Exhibit 10.13.3 to the Form 10-Q filed by the Registrant on November 12, 1999)*
- 10.27 Employment Agreement dated October 23, 1998 for Charles F. Valentine (incorporated by reference from Exhibit 10(a) to the Form 10-Q filed by the registrant on November 13, 1998)*
- 10.28 SERP Agreement dated October 23, 1998 for Charles F. Valentine (incorporated by reference from Exhibit 10(b) to the Form 10-Q filed by the registrant on November 13, 1998)*
- 10.29 Employment Agreement of John R. Cochran, dated December 1, 1998 (incorporated by reference from Exhibit 10.20 to the Form 10-K filed by the Registrant on March 22, 1999)*
- 10.30 Restricted Stock Award Agreement of John R. Cochran dated March 1, 1995 (incorporated by reference from Exhibit 10(e) to the Form 10-Q filed by the registrant on May 15, 1995)*
- 10.31 Restricted Stock Award Agreement of John R. Cochran dated April 9, 1997 (incorporated by reference from Exhibit 10.18 to the Form 10-K filed by the registrant on February 24, 1998)*
- 10.32 First Amendment to Restricted Stock Award Agreement for John R. Cochran (incorporated by reference from Exhibit 10.38 to the Form 10-K filed by the Registrant on March 22, 1999)*
- 10.33 Employment Agreement of Sid A. Bostic, dated February 1, 1998 (incorporated by reference from Exhibit 10.19 to the Form 10-K filed by the registrant on February 24, 1998)*
- 10.34 First Amendment to Employment Agreement of Sid A. Bostic, dated April 20, 1999 (incorporated by reference from Exhibit 10.23.1 to the Form 10-Q filed by the registrant on May 14, 1999)*
- 10.35 Restricted Stock Award Agreement of Sid A. Bostic dated February 1, 1998 (incorporated by reference from Exhibit 10.20 to the Form 10-K filed by the registrant on February 24, 1998)*
- 10.36 First Amendment to Restricted Stock Award Agreement of Sid A. Bostic, dated April 20, 1999 (incorporated by reference from Exhibit 10.25.1 to the Form 10-Q filed by the registrant on May 14, 1999)*
- 10.37 Form of FirstMerit Corporation Termination Agreement (incorporated by reference from Exhibit 10.24.1 to the Form 10-Q filed by the Registrant on March 22, 1999)*
- 10.38 Form of Director and Officer Indemnification Agreement and Undertaking (incorporated by reference from Exhibit 10(s) to the Form 8-K/ A filed by the registrant on April 27, 1995)*

**Exhibit
Number**

10.39	Independent Contractor Agreement with Gary G. Clark, dated February 12, 1999 (incorporated by reference from Exhibit 10.38 to the Form 10-Q filed by the Registrant on May 14, 1999)*
10.40	Credit Agreement among FirstMerit Corporation, Bank of America, N.A., and Lenders, dated November 29,1999 (incorporated by reference from Exhibit 10.40 to the Form 10-K filed by the registrant on March 10, 2000)*
10.41	Distribution Agreement, by and among FirstMerit Bank, N.A. and the Agents, dated July 15, 1999 (incorporated by reference from Exhibit 10.41 to the Form 10-K filedby the registrant on March 10, 2000)*
21	Direct and Indirect subsidiaries of FirstMerit Corporation
25.1	Form T-1 Statement of Eligibility of Firststar Trust Company to act as Property Trustee under the Amended and Restated Declaration of Trust of FirstMerit Capital Trust I, fka Signal Capital Trust I (incorporated by reference from Exhibit 26.1 to the Form S-4 No. 333-52581-01, filed by FirstMerit Capital Trust I, fka Signal Capital Trust I, on May 13, 1998)
25.2	Form T-1 Statement of Eligibility of Firststar Trust Company to act as Debenture Trustee under the FirstMerit Capital Trust I, fka Signal Capital Trust I, Indenture (incorporated by reference from Exhibit 26.1 to the Form S-4 No. 333-52581-01, filed by FirstMerit Capital Trust I, fka Signal Capital Trust I, on May 13, 1998)

* Management Contract or Compensatory Plan or Arrangement

(b) Form 8-K

There were no Form 8-K filings during the second quarter of 2001.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIRSTMERIT CORPORATION

By: /s/TERRENCE E. BICHSEL
Terrence E. Bichsel, Executive Vice
President
and Chief Financial Officer

DATE: August 13, 2001